PARAMOUNT SCHOOL OF EXCELLENCE

2012-2013 Performance Analysis

Core Question 2: Is the organization effective and well-run?

2.1. Is the school in sound fiscal health?	
STANDARD	**2.1-1: The school demonstrates satisfactory performance in all areas identified: Enrollment Variance, Current Ratio, Days Cash on Hand and Debt Default** **2.1-2: The school demonstrates satisfactory performance in all areas identified: 3 Year Aggregate Net Income, Debt to Asset Ratio, and Debt Service Coverage Ratio** **2.1-3: The school does not present concerns in the financial audit or financial reporting requirements**

<u>2012-13 2.1-1 Performance: **Exceeds Standard**</u>

Indicator	Ratio	Measures	Rating	2012-13	2012-13
2.1 Short Term Health	Enrollment Variance Ratio	Enrollment Ratio equals or exceeds 99%	***Meets Standard***	107%	Exceeds
		Enrollment Ratio is between 90% - 98%	***Approaching Standard***		
		Enrollment Ratio is less than or equal to 89%	***Does Not Meet Standard***		
	Current Ratio	Current Ratio equals or exceeds 1.1	***Meets Standard***	3.32	
		Current Ratio is between 1.0 - 1.1	***Approaching Standard***		
		Current Ratio is less than or equal to 1.0	***Does Not Meet Standard***		
	Days Cash On Hand	Days cash on hand equals or exceeds 45	***Meets Standard***	113	
		Days cash on hand is between 30-45 days	***Approaching Standard***		
		Days cash on hand is less than or equal to 30 days	***Does Not Meet Standard***		
	Debt Default Evidence	Not in default or delinquent	***Meets Standard***	Meets	
		Default or delinquent	***Does Not Meet Standard***		

Paramount School of Excellence **<u>exceeded</u>** standard for core question 2.1-1 for the 2012-13 school year. Based on data from the September 2012 count day, the school's enrollment exceeded the enrollment targets stated in its charter agreement. As a result, the school met standard for this sub-indicator. The school had more current assets than current liabilities (those due in the next 12 months). As a result, the school met standard for this sub-indicator. Paramount School of Excellence ended the year with 113 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2013, the school would have been able to operate for 113 more days. Based on this data, the school met standard for this indicator. Finally, the school successfully met its debt obligations based on the information that Sikich, the school's auditor, provided. Furthermore, there were no negative communications from the school's lenders. Since the school met standard for all of the sub-indicators in core question 2.1-1, it exceeded standard for this section of the core question.

<u>2012-13 2.1-2 Performance: **Exceeds Standard**</u>

2.2 Long Term Health	3 Year Aggregate Net Income	Aggregate 3 year Net Income is positive and most recent year is positive	***Meets Standard***	NA	Exceeds
		Aggregate 3 year Net Income is positive and most recent year is negative	***Approaching Standard***		
	Net Income	Aggregate 3 year Net Income is negative	***Does Not Meet Standard***	$1,413,997.00	
	Debt to Asset	Debt to asset ratio is less than or equal to 0.9	***Meets Standard***	0.62	
		Debt to asset ratio is between 0.9 - 0.95	***Approaching Standard***		
		Debt to asset ratio equals or exceeds 0.95	***Does Not Meet Standard***		
	Debt Service Coverage (DSC) Ratio	DSC ratio equals or exceeds 1.15	***Meets Standard***	5.94	
		DSC ratio is between 1.05-1.15	***Approaching Standard***		
		DSC Ratio is less than or equal to 1.05	***Does Not Meet Standard***		

The school <u>**exceeded**</u> standard for core question 2.1-2. The school met standard for the net income sub-indicator in that it generated a positive net income for the fiscal year. It is important to note that the school managed to maintain a positive net income despite an extraordinary gain of $279,740. This was a non-cash gain and resulted from the Common School Loan forgiveness. Section 3 (page 12) of the notes to the financial statements in the school's audit explain how this calculation was derived. Additionally, the school met standard for the sub-indicator regarding debt to asset ratio as it had more assets than liabiities. The school met standard for the debt service coverage ratio. It has $326,152 in long-term maturities that are due prior to close of fiscal year 2014. Since the school met standard for two of the three sub-indicators and did not meet standard for one sub-indicator, it approached standard for core question 2.1-2.

2012-13 2.1-3 Performance: **Meets Standard**

<table>
<tr><td rowspan="6">2.3 Reporting Requirements</td><td rowspan="3">Annual Independent Accrual Based Audit</td><td>Receives a clean audit opinion</td><td>Meets Standard</td><td rowspan="3">Meets</td><td rowspan="6">Meets</td></tr>
<tr><td>Receives a clean audit opinion with a few significant deficiencies noted but no material weaknesses</td><td>Approaching Standard</td></tr>
<tr><td>Receives an audit with multiple significant deficiencies, material weakness or is a going concern</td><td>Does Not Meet Standard</td></tr>
<tr><td rowspan="2">Financial Reporting Requirements</td><td>Satisfies all financial reporting requirements</td><td>Meets Standard</td><td rowspan="2">Meets</td></tr>
<tr><td>Fails to satisfy financial reporting requirements</td><td>Does Not Meet Standard</td></tr>
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The school **met** standard for core question 2.1-3. The school met standard for its annual accrual based audit because it received a clean audit with no material weaknesses or significant deficiencies. The school met its financial reporting requirements, and its audit report was issued on December 27, 2013.

2.2. Are the school's student enrollment, attendance, and retention rates strong?	
STANDARD	**The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.**

2012-13 Performance: **Exceeds Standard**

Paramount exceeded its enrollment target for 2012-13. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

Year	Target Enrollment	Fall Enrollment	Percent Below
2012-13	500	536	N/A

Source: *Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.*

The 2012-13 the attendance rate at PSoE was above the averages of the state and county.

	PSoE	MC	IN
2012-13 Attendance rate	97%	95.7%	95.8%

No targets have been established for student retention rates for PSoE.

Based on the 2012-13 performance, PSoE **exceeded** the Mayor's Office standard for this indicator because it met enrollment targets and had an attendance rate slightly higher than the state and county.

2.3. Is the school's Board active and competent in its oversight?	
STANDARD	**The school's board a) contributes a broad skill set and is reflective of the community; b) is knowledgeable about the school and able to make decisions in a timely fashion; c) has policies and by-laws that are consistently followed, regularly reviewed, and include clearly defined roles and responsibilities for members; d) consistently achieves quorum and adheres to Indiana's Open Door Law; e) records meeting minutes that are thorough, accurate and transparent; f) regularly conducts a formal evaluation of the school against established academic, financial and operational performance goals; and g) has a written plan for the succession of leadership.**

2012-13 Performance: **Meets Standard**

The Paramount School of Excellence Board was active, experienced, and provided competent oversight of the school. Additionally, the board was comprised of members with a diverse range of professional expertise, including law and education, and extensive knowledge of the school, its policies and its issues of concern. There was clear mission alignment between the board and the school leadership, and the board members did a good job of expressing the school's innovative model to key stakeholders. The board did have one member resign toward the end of the year, but it added two new members for a total of seven members which is compliant with Article IV, Section 4.2 of the school's by-laws. In seeking new board members, the board proactively worked to engage candidates who clearly demonstrated an alignment with the mission and vision of Paramount School of Excellence. One member was contracted to do consulting work for the school and followed all conflict of interest protocols.

The board chair, Ms. Cathleen Nevin, provided stable leadership and was deeply committed to the mission of the school. The chair was engaged and took pride in promoting the successes of the school. Ms. Nevin had a good working relationship with Mr. Tommy Reddicks, the school leader. They were in continuous contact to ensure that the board was fully aware of what was happening at the school. Ms. Nevin, a retired attorney, also brought a wealth of legal knowledge which was helpful in not only conducting board business but ensuring that the school was operating in a manner conducive to the success of students. At the end of the 2012-13 school year, Ms. Nevin stepped down as board chair and Col. Tom Rude succeeded her. Col. Rude is a

Professor of Military Science at IUPUI and had a background in education and military experience.

The board consistently made quorum and actively engaged in the oversight of many aspects of school operations. Board meetings not only included school leadership but also key members of the teaching staff which was helpful in providing board members with additional context. Board meetings were efficient, and the staff relied on the use of technology to conduct meetings, which was very much aligned with the school's model of being technologically innovative. Accordingly for the 2012-13 school year, Paramount School of Excellence **met standard** on this Mayor's Performance Framework indicator.

2.4. Is there a high level of parent satisfaction with the school?	
STANDARD	**More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.**

2012-13 Performance: **Meets Standard**

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2012-13, 87% of Paramount parents reported overall satisfaction with the school. Based on this data, the school **met** the Mayor's Office standard for performance for this indicator for the 2012-13 academic year.

2.5. Is the school administration strong in its academic and organizational leadership?	
STANDARD	**The school's administration a) has sufficient academic and organizational expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among administrators; d) actively engages in a process of continuous improvement and mid-course corrections; e) has established high expectations for all stakeholders – staff, students, and parents; f) has organized operations and secured necessary resources to effectively implement the mission of the school; g) ensures the school achieves strong academic and operational performance; and h) has developed a plan for succession for administrators and staff.**

2012-13 Performance: **Meets Standard**

Paramount's administration exhibited strong academic expertise and demonstrated a commitment to continuous improvement. Delineation of roles and responsibilities between leaders were clear, as evidenced from the school's revamped leadership structure which includes a school leader, assistant school leader, dean of students, and director of operations.

The administration collectively demonstrated sufficient academic and business expertise. It was clear that the administration actively course corrected based on real-time data. Through review of board minutes and school leader reports, it is evident that the administration has established high expectations for all stakeholders and has organized operations and secured resources to implement the school's mission. Tommy Reddicks, school leader, consistently looks for ways to innovate to continuously improve the school and the experience of students.

Accordingly, the school **meets standard** on this indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	**School has clearly met its school-specific organizational goal.**

Not Evaluated. Paramount School of Excellence did not have school-specific organizational and management performance goals to be evaluated for 2012-13.